

VZCZCXRO4724
OO RUEHFL RUEHKW RUEHLA RUEHROV RUEHSR
DE RUEHYE #0660/01 2331207
ZNY CCCCC ZZH
O 201207Z AUG 08
FM AMEMBASSY YEREVAN
TO RUEHC/SECSTATE WASHDC IMMEDIATE 7917
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY
RUEKJCS/JOINT STAFF WASHINGTON DC PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY
RHMFISS/CDR USEUCOM VAHINGEN GE// PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 YEREVAN 000660

SIPDIS

E.O. 12958: DECL: 08/19/2018
TAGS: [ECON](#) [ELTN](#) [PREL](#) [EWWT](#) [ENRG](#) [EAGR](#) [RU](#) [GG](#) [TU](#) [IR](#) [AM](#)
SUBJECT: TFGG01: ARMENIAN CONCERNS GROW OVER LOOMING
SHORTAGES OF FUEL, WHEAT

REF: A) YEREVAN 653 B) YEREVAN 649 C) YEREVAN 646

Classified By: CDA JOSEPH PENNINGTON FOR REASONS 1.4(B)(D)

SUMMARY

1. (C) FM Nalbandian complained to the Charge on the evening of August 19 that there had been "no improvement" in cargo deliveries from Georgia. Following the destruction of the rail bridge at Kaspi, the GOAM sent 40 heavy trucks to the port at Batumi to load fuel for delivery in Armenia. According to Nalbandian, Georgian officials at the port have so far refused to authorize Armenian trucks to load the fuel. He expressed concern that the issue could become public, in which case Armenia would be "forced" to issue a public statement critical of Georgia. Meanwhile, the Armenian Energy Minister is in Tehran, reportedly to negotiate a deal for Armenian purchase of jet fuel from the Iranians. Nalbandian asked whether the Turkish government had shown any sign of willingness to open the border with Armenia as a "one-time humanitarian gesture," and said he was considering a call to FM Babacan to make such a request. End Summary.

ARMENIAN TRUCKS WAITING IN BATUMI

2. (C) Armenian Foreign Minister Nalbandian, appearing visibly agitated (once again -- see ref a), called in the Charge on the evening of August 19 to repeat his complaints that Georgia is obstructing the delivery of critically needed commodities to Armenia. The FM recounted that following the destruction of the rail bridge at Kaspi, which effectively severed rail cargo delivery from Georgian ports to Armenia, the GOAM had dispatched 40 heavy trucks across bad roads through southern Georgia to the port of Batumi to load badly needed fuel. Nalbandian claimed that the trucks had been "sitting empty for two days" at the port as Georgian officials refused to authorize them to load the fuel. He further claimed that Georgian port authorities had told Armenian truckers to "go talk to the Russians" about their concerns. When the Armenians contacted the Russians, they were told that Russia had no personnel in Batumi and were not involved in decisions made at the port.

3. (C) Nalbandian repeated his contention that the Georgian authorities are deliberately squeezing Armenia's economic lifeline through Georgia, despite what he described as "positive" conversations in recent days between Georgian President Saakashvili and President Sargsian. The FM blustered that Armenia would "soon be making a public statement" criticizing Georgia on the issue, and vowed to raise Armenia's concerns in international fora. When CDA suggested that such an approach would be counterproductive, Nalbandian clarified that the GOAM is not seeking a public

confrontation with Georgia but would have to respond if such a sensitive issue were to become public in Armenia. (Note: The authorities have deliberately kept the Armenian public in the dark about the possibility of shortages, adopting the public line that deliveries through Georgia are flowing normally. End Note.) CDA also urged Nalbandian not to interpret every logistical problem encountered in Georgia as a deliberate slap against Armenia by the Georgian Government.

14. (C) Nalbandian added that although Armenia had strategic reserves of the key commodities in question -- gasoline, jet fuel, and wheat -- the GOAM had already dipped into those reserves, a fact that would be increasingly difficult to conceal from the public. Media reports and anecdotal evidence from Mission personnel indicate that some filling stations have once again instituted a system of informal gas rationing, limiting purchases to 10 liters per customer. There are also reports that authorities at Yerevan's Zvartnots Airport are limiting the amount of jet fuel available for incoming flights to 3 tons per aircraft, down from the standard offering of 8 tons. Lufthansa has already adjusted by refueling abroad to avoid running short in Yerevan. Post's IMO Section has also learned that at least one airline (Austrian) has stopped carrying cargo on its regular passenger flights due to lack of sufficient fuel in Yerevan.

WHAT ABOUT TURKEY?

15. (C) Nalbandian then asked whether the US had been given any indication that the Turkish Government was considering

YEREVAN 00000660 002 OF 002

opening the Turkish-Armenian border as a "one-time humanitarian gesture" that could ease looming shortages of fuel and wheat. He argued that such a gesture from the GOT "could increase the positive momentum" on Turkey-Armenia reconciliation by generating greater public sympathy for Turkey. CDA said he was not sure whether a border opening was under active discussion within the GOT, but promised to pass the FM's suggestion to Embassy Ankara. Nalbandian said he was even considering calling Foreign Minister Babacan to make an informal request for Turkey's help, but was concerned by the possibility that such a call would become public knowledge. He added that it would be a "political disaster" for the GOAM to be seen asking for Turkish assistance and coming away empty-handed.

HOW ABOUT IRAN?

16. (C) The FM claimed that problems with Georgia are leaving no alternative to Armenia other than dealing with Iran. Nalbandian said the GOAM understood US concerns about increasing trade with Iran, adding that Armenia would prefer other options as well, but said Armenia would soon have discussions with the Iranians about possible fuel deliveries.

We learned on the morning of August 20 that Armenian Energy Minister Armen Movsesian is currently in Tehran for official talks with his Iranian counterpart. According to press reports, Movsesian is seeking a deal to secure deliveries of jet fuel from Iran. Informal sources tell us that while Movsesian's Tehran trip was inspired by the current crisis, the focus of his talks was medium-term diversification of Armenia's energy supplies rather than quick solutions to the problems in Georgia.

COMMENT

17. (C) This meeting represents the third time in five days that the Charge has been called in by a senior GOAM official to hear about Armenia's economic concerns in light of the

Georgia-Russia conflict. Although we still do not believe that dire shortages are imminent, Nalbandian's contemplated outreach to Turkey, the Energy Minister's visit to Iran, and fuel conservation measures in Yerevan all suggest that the GOAM is really starting to feel the pinch. We will continue to try to impress on the Armenians that the kinds of problems they are encountering in Georgia are more likely the result of the confusion inherent in what is for Georgia an existential crisis rather than deliberate policy decisions by the Georgian Government.

PENNINGTON